

# Transforming our state's transportation system for the 21<sup>st</sup> century

## WSDOT's Workforce Business Strategy

September 16, 2011

**Paula J. Hammond, P.E.**

Secretary of Transportation



# Transforming our state's transportation system for the 21<sup>st</sup> century

## WSDOT's workforce business strategy

### Table of Contents

Need for action	page 3
Transportation's ongoing evolution	page 5
Workforce reductions to 2015	page 6
Key drivers for current workforce reductions	page 7
Key drivers that necessitate business model changes	page 8
Implementing Workforce Business Strategy	page 9
• WSDOT headquarters	page 9
• Regions	page 14
Synopsis of regions and modes – present to 2015	page 16
• Regions	page 16
• Mega-projects	page 18
• High-speed-rail Program	page 18
• Ferries Division	page 19
Highway Construction Program capital delivery staffing 2008–2015	page 20
Next steps	page 21
Moving forward	page 22

# Need for action



Paula J. Hammond, P.E.  
Secretary of Transportation

*Washington has enjoyed a robust transportation construction program in recent years, bringing many needed improvements to commuter and freight corridors, reducing the risk of collisions in urban and rural areas, replacing deteriorating ferries, adding rail capacity, and keeping our system of roads and bridges in good condition.*

*Through the 2003 and 2005 revenue packages, we're investing \$15.5 billion in transportation system improvements. We have successfully completed 303 of 421 projects, with more than 90 percent completed on time and on budget. These projects are meeting or exceeding expected benefits for the traveling public. In 2010, Washington experienced the lowest traffic fatality rate in 35 years. More than 93 percent of our roads and 98 percent of our bridges are rated in fair or better condition, and travel delay declined by 21 percent on all state highways in 2009 compared with 2007.*

*These investments help our economy, both directly and indirectly, with 74 percent of highway dollars contracted to the private sector and its workers. Approximately \$6 billion of the \$15.5 billion Nickel and TPA projects were constructed through the design-build program and 54 percent of the design effort was delivered by consultants.*

*We're successfully delivering one of the largest transportation investment programs in our state's history, but now the Washington State Department of Transportation is in a time of transition and transportation funding will soon decline dramatically.*

*Projects funded by the 2003 (5 cents) and 2005 (9.5 cents) gas taxes will soon be completed, and those ongoing revenues are committed to paying off the bond debt for the next 25 to 30 years. The remaining base gas tax (23 cents) is split with cities and counties for local roads (11 cents) and used to pay bond debt (4 cents) that funded past highway and ferry projects. That*

*leaves only 8 cents for maintenance and preservation, safety improvements and congestion-relief projects for Washington's highways, bridges and ferries system. Documented basic preservation, safety, operational and environmental needs for the next 10 years total \$5.5 billion, of which \$1.5 billion is unfunded. Strategic congestion relief and freight corridor needs are billions more.*

*Federal transportation dollars have predominantly supported asset preservation in the past, but future funding is uncertain. Funding levels will likely stay the same or decline. The 2009 Federal Stimulus Act funded 219 state highway and local projects, of which 190 are complete and the remaining 29 are awarded or under construction. This economic stimulus was a temporary program – it's over and we don't expect a repeat.*

*Our state's economic downturn reflects what is happening in the rest of the nation. Construction-sector employment is down 30 percent from its peak in 2007. Statewide unemployment is 9.1 percent, and people don't have money to spend. Taxpayers are tightening their belts and they expect government to do the same. Washington's citizens have made it clear that they want government to get smaller, cut costs and become more efficient. Our workforce is larger than our future budget can support and the Legislature has directed us to reduce our workforce by 800 FTEs.*

*WSDOT leaders recognized the need and opportunity to evolve our transportation system and the way we do business. Our challenge and opportunity is to become smaller and more flexible while retaining our core competencies and effectively and efficiently continuing the delivery of transportation investment programs and services. Our funding sources have declined, but the need for a transportation system that works has not.*

*Our agency is a known leader among the nation's transportation organizations. While downsizing our workforce, we must remain an employer of choice – one that values its workers as its greatest asset and provides opportunities for meaningful, productive work that continues to set us apart as leaders in the field of transportation.*

*We are positioning the agency to move forward despite the uncertainty of future revenue levels. We have developed a new business model and strategies that ensure continued delivery of high-quality projects, balancing capital delivery with safety and preservation needs. We are creating a sustainable workforce while retaining our expertise, project ownership and accountability of public tax dollars.*

# Transportation's ongoing evolution

The state's transportation system and state oversight have continually evolved over the past century – from 1905 when the department began as the state Highway Commission overseeing 12 state roads, to being renamed the Department of Highways and focusing on developing and greatly expanding the state's transportation system, including interstate freeways. By 1977, the name changed to the Washington State Department of Transportation as it applied an integrated and comprehensive approach that included roads, ferries, aviation, rail, public transportation, and bike and pedestrian systems.

WSDOT has long been an agency where employees have full, enriching careers and take great pride in being a part of a team that produces tangible transportation projects and services that benefit Washington's business, families and communities.

In the past decade, our evolution has continued. We have been transforming our business practices as we improve transparency, accountability, project delivery, business partnerships and communications. We have implemented cost-saving and innovative strategies in our business and construction management methods, enhanced performance measures and reporting, and modified practices to maximize our resources. As a result, organizational and business model changes are taking place at headquarters and the regions to increase collaboration and maximize coordination in program delivery.

We recognized that future transportation revenue would not support our current staffing level and that our business model needed review for its effectiveness and efficiency. In 2008, we made decisions to freeze new engineering hires, reduce management layers and consolidate offices and positions.

We have reduced our overhead budget by \$22 million with cuts in administration and overhead, including eliminating an assistant secretary position; delayering and trimming management in our ferries division while restarting the ferries capital construction program; mobilizing to deliver \$781 million in the state's passenger rail system; and expanding the highway construction program, including increased use of private partners.

Between 2008 and 2011, WSDOT's overall workforce has decreased by 4.5 percent – 326 permanent, full-time employees, taking us to 6,948. This includes a reduction in WMS positions from 691 to 607 and a reduction in classified positions from 6,530 to 6,290. Our focus has been on our highway-delivery system with the recognition in 2008 that the Nickel and TPA program delivery will be largely complete by 2015. We took steps to prepare our agency for future workforce levels by actively downsizing. In the 2009-2011 biennium, we eliminated 134 funded engineering and administrative positions.

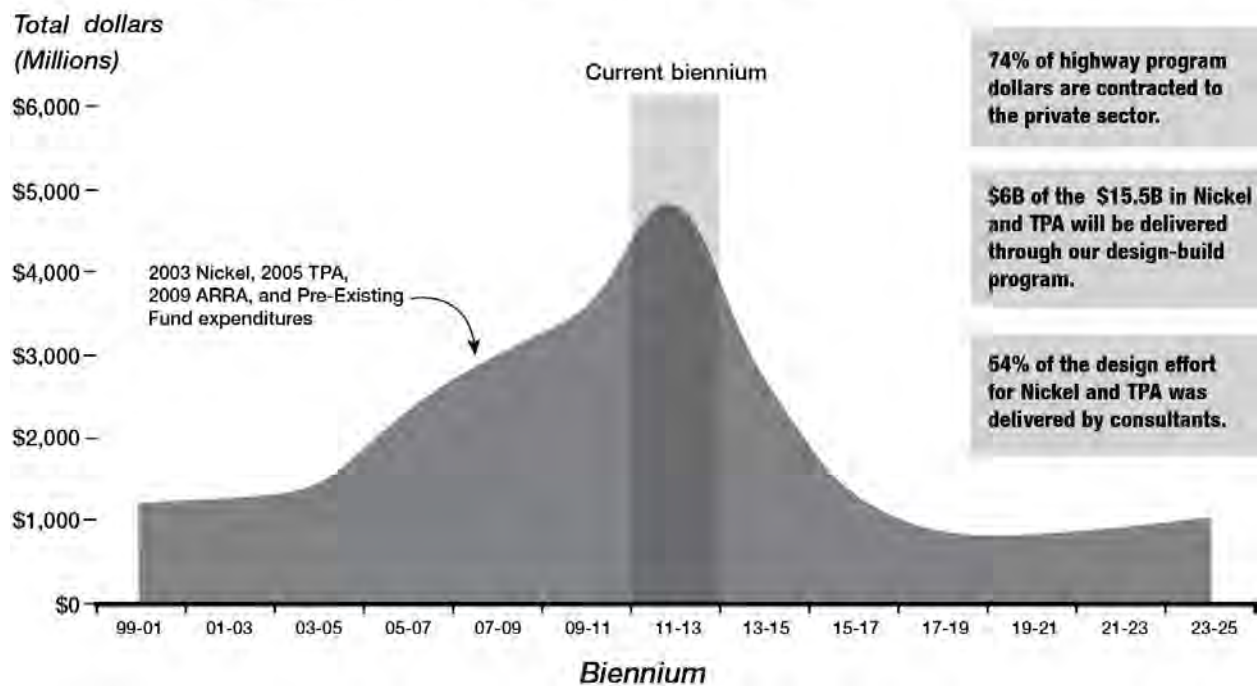
During this same time, we have implemented new or updated delivery strategies, such as using general engineering consultants, offering more alternative contracting, improving risk identification and management, streamlining environmental permitting, focusing on performance contracting, and combining multiple projects into one contract to lower public impacts or costs and to gain administrative efficiencies.

## Workforce reductions to 2015

WSDOT leaders have been reducing workforce levels since 2008 as we were reaching the peak of the largest construction program in our history. By the end of 2015, we will have reduced the workforce in our highway construction program from our current level by approximately 800 FTEs.

### 2011 legislative final budget – Highway Construction Program Program expenditures

*Includes the improvement and preservation programs with two exceptions: Excludes expenditures for the Tacoma Narrows Bridge and expenditures in the improvement program reimbursed by Sound Transit.*



## Key drivers for current workforce reductions

The Highway Construction Program (P & I) will get smaller:

- Budget reduction of 44 percent will occur between the 2011-2013 biennium and the 2013-2015 biennium.
- Ongoing funding is anticipated to be more than 80 percent smaller than the peak of the Nickel and TPA program
- The Nickel and TPA programs were almost 100 percent bonded; therefore, the 14.5-cent gas tax will be used to pay bond debt for approximately the next 25 to 30 years. That means the projects get to the public sooner, but it also means no additional new projects can be built with that money.

The Highway Construction Program work is shifting from preliminary design/environmental/final design (and right-of-way acquisition) to construction:

- Although the program in 2011-2013 is about the same size as the 2009-2011 biennium, the level of workforce needed to deliver the program and the accompanying projects is lower. This is because more of the program funding is going toward construction activities, which are less workforce intensive than design, environmental and right-of-way activities.
- To deliver a design effort worth \$1 million, it takes about 6 FTEs. To deliver a construction effort worth \$1 million, it takes about 1 FTE if it was contracted out using a design/bid/build process, and less than 1 FTE if it was contracted out as a design-build project.
- Workforce efforts vary between the design and construction phases due to the fact that a greater proportion of state workforce perform the design effort on a project, while the construction of the project is done by contractors with only oversight activities performed by state workforce.
- The shift in the program phase between 2009-2011 and 2011-2013 is:

	2009 - 11	2011 - 13	Change
PE	694,982,000	406,972,000	-41%
RW	427,060,000	215,834,000	-49%
CN	2,457,346,000	4,165,236,000	70 %

The department continues to look for opportunities to improve efficiencies through office consolidations, moving to state-owned facilities, delayeering management levels, overhead program reductions and shared services.

## Key drivers that necessitate business model changes

Generally speaking, highway construction programs before 1998 were relatively stable, predictable, reliable and flexible.

- The base state and federal gas taxes provided funding that could be counted on to support WSDOT's geographically distributed workforce.
- Peak programs (like Category C projects) were spread out over time and managed in a manner that allowed more than 75 percent of engineering and 99 percent of construction contract administration work to be performed by WSDOT staff. Consultants were a supplemental workforce utilized for the "peak of the peak" program delivery.
- WSDOT had significant discretion in the use of those program dollars – programs were developed and shared with the Legislature under the oversight of the Transportation Commission. WSDOT could mesh overall state program priorities (paving, improvement projects) while recognizing the needs of a stable, geographically distributed state workforce.

Additional accountabilities came with the 2003 and 2005 gas tax funds. Projects were, in essence, "line item budgeted" with specific project budgets, scopes and schedules. In all, 421 specific projects were identified and funded. There is little discretion in moving funds between projects and phases. The delivery timelines were very aggressive, necessitating higher consultant use for delivery (54 percent overall) and development and utilization of alternative contracting methods, such as design-build. This trend is unlikely to change and there is every indication it will expand further.

With the reduced purchasing power of the remaining gas tax base, WSDOT continues to focus on the most cost-effective use of those funds. This has led to increased focus on statewide prioritization of paving projects and more innovative pavement preservation techniques. These efficiency improvements have two key effects on workforce. First, the work within each region is not as predictable as in the past because the statewide prioritization of projects might lead to high program levels in a region for one biennium and low levels the next. This prioritization approach, used to achieve legislative performance expectations, can create wide swings in region funding levels from what we experienced in the past. And second, the kind of work being performed to deliver on the specific project scope, schedule and budget expectations often needs less design and inspection work, which in turn reduces the level of workforce required to deliver the work.

These changes in funding certainty, volatility and accountabilities all conspire to create rapid fluctuations in workforce levels if business as usual is conducted. It is imperative that a new, more nimble and flexible workforce approach be implemented at WSDOT to align with our "new normal" in project and program funding.



## Implementing workforce business strategy

Secretary Hammond formed the Method of Delivery (MOD) team, made up of WSDOT senior leaders from headquarters and around the state, to identify recommendations that would allow the department to implement a business model that retains core competencies for delivery and a workforce sized at a sustainable level.

She challenged the MOD team to develop a structure based on the goals that WSDOT:

- Is a leader in the design and construction of transportation projects.
- Delivers high-quality projects on time and on budget.
- Has fewer project offices statewide and fewer management layers.
- Strikes a balance between responding to the necessary workforce reductions while retaining our core competencies to delivery our essential services and be positioned for future program expansions.
- Fosters a work environment that encourages open communication and promotes positive employee morale.
- Ensures employees have the education, experience and training necessary to perform work or effectively administer others contracted to perform work.
- Provides employees with a career path, offering a variety of opportunities and enriching work – keeping WSDOT an employer of choice.
- Maintains the right balance between contracted work and self-performed work in order to keep a dynamic, flexible and right-sized workforce while always maintaining a “strong owner” role to protect the public’s assets and past, current and future investments.
- Strategically maintains the engineering and technical workforce at sustainable levels and avoid costly and disruptive staffing-level fluctuations.
- Builds and maintains strong partnerships to effectively deliver transportation projects through managers and employees who value the engineering and technical services provided by the private sector.
- Uses processes and procedures that are quick and responsive to rapidly changing construction program levels. Ensures WSDOT’s overhead is the minimum necessary for appropriate compliance with federal, state and local regulations.
- Supports appropriate risk-taking and facilitates timely and creative problem identification and resolution through its processes and procedures.

The Methods of Delivery team began meeting in December 2010 to review WSDOT’s organizational structure and identify new ways for delivering its capital programs. The goal was to develop a structure that strikes a balance for delivering projects and programs while retaining core competencies, with fewer management layers and fewer project offices.

To keep employees informed of changes and new developments in the MOD process, executive leadership met with engineering and technical service employees statewide in every region and at headquarters to provide information and get employee feedback. A “Sustainable Workforce” employee Web page was created that includes Secretary Hammond’s employee messages regarding creation of the MOD team, legislative direction to reduce the agency by 800 FTEs, and restructuring of the agency; links to support resources; video and copies of MOD presentations; frequently asked questions; and a comment page where employees may post and share their ideas and suggestions. A dedicated electronic mailbox was also created to receive and respond to employees’ questions and input. The agency is offering career services support to employees who are facing layoff or who have been identified as “at risk” and more than 100 employees already have taken advantage of these services.

With the completion of Nickel and TPA projects and the commensurate budget and staffing reductions, the MOD team’s focus was on capital delivery. Even so, all areas in engineering and technical services were reviewed. Although the initial focus was on engineering and technical services, WSDOT has identified additional opportunities to evaluate other programs and support services within the agency.

Based on the MOD team recommendations, a number of organizational and business model changes are taking place at WSDOT headquarters and regions to enhance collaboration and maximize coordination.

### **WSDOT Headquarters**

Engineering and technical services at headquarters are being aligned into newly defined divisions, with some offices being consolidated. These divisions will be under one leader and the leadership positions are being filled without promotions and without adding a management layer. The divisions are:

- Program Management
- Development
- Construction
- Maintenance
- Traffic Operations

○

## **Program Management Division**

Consolidates: Capital Program Development and Management (CPDM) and Division Services

Core functions: Consolidated highway construction program oversight, centralized asset management, and integrated capital planning and programming. Builds on strengths of each office, and allows for efficiencies to occur through streamlined processes and procedures.

### Benefits of new division

- Expands integration of highway and modal capital planning and programming into a comprehensive WSDOT capital plan that improves the integration of project programming within corridors and between modes.
- Provides a greater measure of strategic cohesiveness in budget and funding proposals, with greater focus on the interrelationship of highways, intelligent transportation systems (ITS), ferries, rail, freight, public transportation and other capital plans.
- Builds on common policies, practices, and systems across programs and modes to increase WSDOT's ability to evaluate and recommend investment options and to manage and deliver projects across budget programs.
- Consolidates highway construction program oversight to build on strengths of each office and to allow for efficiencies to occur through streamlined processes and procedures.
- Programs project detail into the 10-year plan to better enable project delivery coordination, and improve clarity on the relationship that new revenue funding proposals have on current law project-funding strategies.

## **Development Division**

Consolidates: Project Development, Environmental Services, and Bridge and Structures

Core functions: Pre-construction, including right-of-way, design support, policy development and implementation, bridge design, environmental documentation and regulatory coordination, consultant agreements and specialty group support.

### Benefits of new division

- Consolidates a majority of the agency's "pre-construction" activities and project support offices under a single umbrella organization.
- Enhances communications across pre-construction functional areas.
- Provides opportunities to coordinate and integrate policy guidance and procedures across the agency.
- Maintains agency's environmental leadership.
- Provides opportunities to make the project development processes more efficient.

- Provides single point of contact for hydraulics, hydrology and stormwater run-off issues.
- Allows for long-term planning related to staffing levels and knowledge transfer.

## **Construction Division**

Consolidates: Headquarters Construction and State Materials Lab

Core functions: Review/approve contract specifications; develop new specifications; advertise, award and execute projects; contract administration; provide material testing services for projects; establish engineering standards related to pavements, walls and engineered fills; provide engineering support for geotechnical and pavement management; and, monitor and establish engineering needs related to pavement management, unstable slopes, engineered fills and walls.

### Benefits of new division

- Consolidates all construction support functions into a single point of contact for projects.
- Improves construction project support and coordination between engineering requirements and contractual enforcement.
- Improves communication between construction engineering decisions and program impacts.
- Reduces administrative support requirements.
- Provides opportunities for efficiencies related to pavement and geotechnical decisions in the field.

## **Maintenance Division**

Core functions: Highway maintenance, emergency response and disaster preparedness, highway equipment repair and maintenance, capital facilities repair and replacement, ensuring the effective long-term stewardship of existing and new facilities.

### Opportunities for existing division

- Close coordination of investment decisions between maintenance and preservation programs to ensure optimum performance.
- Ensure the continuous and safe operation of the system -- for example, high-profile activities such as snow and ice control have significant safety and economic impacts to the state of Washington and must remain at the forefront.
- Deliver effective emergency/disaster response, recognizing that the ability to respond quickly and efficiently to emergencies and natural disasters plays a vital role in minimizing the impacts to the state. Continue to develop and train WSDOT's workforce to be prepared for meeting the challenges of changing work requirements in a safe and effective manner.

- Ensure all new employees are trained in the basics through employee orientation programs before they are exposed to hazards in the field.
- Lead the effort to ensure WSDOT has adequate and reasonable facilities and equipment to meet the ongoing needs of the department.
- Utilize the Highway Activity Tracking System (HATS) to track work completed and update existing inventories to help reduce administrative costs associated with manual record-keeping and improve overall inventory of highway assets.

## **Traffic Operations Division**

Core functions: Ensuring the safe and effective operation of the state highways.

- System Operations: Provide oversight of traffic signals, ramp meters, active traffic management and adaptive traffic-signal-control applications.
- Traffic Management Center (TMC) Operations: Monitor and verify highway conditions to keep internal and external customers informed of real-time traffic.
- Incident Response (IR): Work alongside emergency response partners to provide safe and quick clearance of traffic incidents on state highways.
- Low-Cost Enhancements: Assess deficiencies and develop and quickly deploy cost-effective operational solutions to meet existing and emergent needs.
- Traffic Development: Provide traffic engineering and expertise, work zone traffic control, and traffic materials and asset support.

## Opportunities for existing division

- Asset Management: Efforts are under way to better coordinate the maintenance, preservation, and operations of highway infrastructure assets. This includes roadway striping, traffic signs, and major electrical systems. These efforts will identify re-organization opportunities within the HQ Traffic Office to ensure alignment within the agency's overall asset management approach.
- Traffic Materials Development and Deployment: The development, acceptance, and deployment of new traffic-related products and materials is a function informally shared between traffic operations, development and construction. Closer examination of these processes will occur to ensure efficiency, timeliness, and the effective use of resources.
- Traffic Analysis: This function is accomplished in various organizations within HQ. Opportunities for efficiencies by combining or coordinating efforts are being explored.

## Regions

WSDOT will retain its six regions. Each region has developed consolidation plans to reduce project offices to align with available funding and to share services and resources with other regions for efficiencies whenever possible. Our method of delivery for region operations is constantly adjusting but is solidly based on the following core values used to guide decisions.

- Maintain strong regional senior leadership and supervisor positions in the regions for Design, Maintenance, Operations, Program Management, Planning, and Construction, aligning with the new headquarters program structure.
- Develop and maintain a knowledgeable, adaptable region workforce.
- Adjust office structures/sizes to accommodate program size.
- Use consultants, other region staff and a temporary workforce for special expertise or to handle spikes in region workforce needs.
- Consider employee customer service when making consolidation and efficiency decisions with regard to the department's internal administrative service functions.
- Consider public, business and other (non-WSDOT) governmental agency service needs when making consolidation and efficiency decisions that could affect external customers.
- Use alternative project delivery methods, such as design-build, when appropriate and applicable, to deliver projects using engineering consultants as the department moves toward a more sustainable region workforce.

## Workforce efficiencies

The following approaches have evolved into sound business practices that strengthen WSDOT's ability to have a smaller overall workforce and still deliver projects in a cost-effective manner. They give the department more flexibility in matching work to workforce availability while ensuring program and project delivery. Regions will continue to incorporate these strategies and look for additional opportunities to further consolidate and share resources.

- Soft boundaries – WSDOT's regions have successfully demonstrated that consolidating and sharing resources and expertise across regional boundaries can be effective. In recent years, all regions using the "soft boundaries" strategy have either provided assistance, delivered projects, portions of projects, or total project packages for other regions, programs or division, such as Rail and Aviation. Examples include construction administration/inspection, project development and design, and maintenance.
- Shared specialty resources – Specialty expertise is being shared among multiple regions, as appropriate, rather than each region retaining specific functions. Employees with expertise often report to one region, yet provide support to multiple regions, including tribal liaisons, biologists, archaeological/cultural resource specialists, and geotechnical engineers.

- Technology – WSDOT has capitalized on advances in technology and in the tools used to design, complete contract plans and communicate across region boundaries to deliver projects using resources from around the state as a common and successful business practice.

There are more opportunities for geographic consolidation. Past success implementing these changes has, in part, been predicated on careful consideration of each opportunity. This ensures the change will have a net effect of increased efficiency and effectiveness in the delivery of programs and projects.

Some potential areas for consideration include:

- Roadside Weather and Information System (RWIS) maintenance team
- Traffic generation/traffic impact analysis reports
- Design of signing, illumination, signal and ITS systems
- Computer-aided engineering (CAE) training and support
- Hydraulic analysis review and approval

#### Workforce reductions

Throughout the state, regions need to get smaller to respond to diminishing workloads. Regions need the ability to cover the current peak delivery expectations while preparing for the scheduled completion of projects. It will be necessary to implement significant reduction-in-force actions over the next four years. In some regions, staff with up to 15 years or more of service may be affected. Career service programs have been established to support impacted employees.

#### Project office closures

At the peak of construction in 2008, WSDOT had 52 project offices. By 2015, assuming current revenue projections, the number will be down to 35, a 33 percent reduction. As project offices close, engineering support functions are also being consolidated. Regions are in the process of terminating lease spaces and relocating project offices to state-owned facilities or consolidating lease spaces.

#### Administration functions

Administrative functions at the region level will be evaluated for consistency statewide and for increased alignment opportunities.

# Synopsis of regions and modes – present to 2015

## **Northwest Region (NWR)**

For the next four years, we anticipate reduction-in-force (RIF) actions at the end of each construction season. We identified 18 positions that will be eliminated at the end of the 2011 construction season and “at risk” letters were delivered to impacted employees. This reduction is in addition to the 16 employees who accepted a voluntary incentive and left state service by June 30. We also eliminated two WMS3 positions this year. Reductions will continue each year as we shrink to 393 full-time employees in the highway construction program. The number of project offices will reduce from our current 16 to 10 in 2015. As we close project offices, we will also consolidate engineering support functions. By 2015, we will eliminate the Assistant Region Administrator (ARA) for Region Programs and Services position and distribute the management responsibilities among the remaining ARA’s. We will retain the ARA for Design/Build (formally ARA I-405/Eastside Corridors) to enable the region to quickly respond to new revenue.

## **Olympic Region (OR)**

The boom and bust of mega-projects was particularly challenging and affected both the number of employees as well as the position of employees. This effort began as the Tacoma Narrows Project began to wind down. Fortunately, with other mega-projects gearing up and key vacancies at headquarters, we were able to manage the reduction of this group without a formal reduction in force. A similar, but smaller build-up of staff, in both numbers and levels, occurred as the Hood Canal Bridge Replacement Project began to get into full swing. Again, as this project came to a conclusion, these staff members were absorbed into other vacancies within the region and other mega-projects. The Pierce County/Tacoma HOV design team is the final large project team remaining in the Olympic Region and efforts already are under way to manage this group back into the core Olympic Region workforce, keeping in mind the glide path towards the core level workforce of 279 by 2015.

## **Southwest Region (SWR)**

Today, we are faced with the largest construction program in the history of the region. We are using personnel from all over the state, as well as 25 non-permanent employees, to oversee construction projects. Managers are spread thin and many have been asked to take on additional duties. It is our plan to continue borrowing employees from other regions and utilizing non-permanent employees, for construction, until the fall of 2013 when most of the Nickel and TPA projects will be completed. At that time, we anticipate having a workforce of 150 employees. The forward progress of the Columbia River Crossing project may impact these numbers.



### **North Central Region (NCR)**

Based on the current budget, a sharp decline in workload is anticipated following the 2012 construction season. As a consequence, in the fall/winter of 2012, NCR will have a RIF to decrease permanent workforce to meet the needs of the currently known 2013-2015 biennial program. The region construction program projects a staff of 50 in 2015. We need to reduce from three project offices to two project offices that would have fewer staff members. Duties from many positions would be consolidated and non-permanent employees or permanent employees on loan from other regions would continue to be utilized for peak workload construction inspection duties to accomplish our committed program.

### **South Central Region (SCR)**

As our construction program and design effort diminishes in the next four years, we will continue to make changes to our region structure and manage our workforce numbers down. Our target workforce based on projected budgets at the end of the 2013-2015 biennium is 130 employees. Our region structure will change by dissolving a project engineer's office, reducing the size of the remaining project offices and eliminating a position in our communications team. These changes will eliminate three WMS positions and 29 general service positions. From our workforce peak in 2008, these planned reductions, combined with reductions made to date, equate to a 33 percent reduction in WMS managers and a 29 percent reduction in general service employees. We plan to utilize attrition and the Voluntary Separation Program to reach the majority of our workforce-reduction target and manage the remaining reductions, if any, with a reduction in force.

### **Eastern Region (ER)**

To deliver one of the largest construction programs in our history, ER is utilizing 26 non-permanent employees to assist with oversight of the construction projects. At the same time, staff is dedicated to project development and contract administration efforts in Southwest Region, the Rail Office, and Aviation, and has recently completed multiple projects for the Washington State Ferries Terminals Division. This peak workload will experience a sharp decline near the end of 2011 as the last Nickel construction projects near completion. In the fall/winter of 2011, ER will have a RIF to decrease permanent workforce to meet the needs of the 2011-2013 biennial program. Project offices will be smaller in size, and staff providing support functions will be downsized to match the projected workload. Duties from many positions will be consolidated. Non-permanent employees will continue to be utilized for peak workload construction inspection duties to accomplish our committed workload. ER will have an additional RIF of approximately 50 to 60 employees in the fall of 2013. By the end of the 2013-2015 biennium, the workforce will be 75.

## **Mega-projects**

WSDOT has created, as needed, a number of offices dedicated to deliver specific mega-projects or programs throughout the state. The Alaskan Way Viaduct Replacement Project, SR 520 Corridor Improvement Program, I-405 Corridor Improvement Program, and Columbia River Crossing Project all have active offices. These offices are typically comprised of state engineering and management staff capable of successfully administering these multiple-billion-dollar programs, co-located with a larger private sector consultant workforce and augmented with necessary specialty expertise. These offices are created to deliver a specific project, and then will be disbanded. The I-405 office is currently transitioning back into the Northwest Region. By 2016, both the Alaskan Way Viaduct and the SR 520 offices will transition back into the Northwest Region. The Columbia River Crossing office is funded through 2013, but additional funding is needed for the project to move forward. Without additional revenue, that project office will likely be scaled back or potentially closed. Workforce actions that result from these mega-project office closures will likely result in further reduction-in-force actions within the affected region.

## **High-Speed-Rail Program**

Washington was selected to receive more than \$780 million in federal high-speed-rail funds to increase the frequency and reliability of Amtrak *Cascades* passenger rail service between Portland, Ore., and Vancouver, B.C. This extraordinary level of investment in passenger rail creates jobs and pays for nearly 20 projects along the 300-mile corridor in Washington.

These projects will result in additional round trips, improved on-time performance for business and leisure travelers, and reduced conflicts between passenger and freight trains. The majority of the federal funding is part of the 2009 American Recovery and Reinvestment Act and requires that projects and additional service be fully functional by fall 2017.

Efficient and cost-conscious capital program delivery practices include:

- Implemented WSDOT's mega-project delivery structure to ensure focus on program and meet project delivery requirements.
- Created project delivery partnerships with BNSF, Sound Transit, Federal Rail Administration, Amtrak, and Tacoma Rail, balancing corporate, state and federal requirements to account for program risk and set clear expectations early in project processes.
- Partnered with regions, supplemented by consultants, for specific technical expertise.
- Worked with host railroads (BNSF and Sound Transit) to set early requirements and expectations for a new program, requiring business changes to meet federal requirements and achieve service outcome commitments.
- Aligned rail office administrative practices with WSDOT standard practices, eliminating duplicate accounting systems.

- Implemented use of the Project Management and Reporting System for determining schedules, tracking, communication of requirements to stakeholders, and meeting department reporting requirements.

## **Ferries Division**

As the nation's largest ferry system serving more than 22 million riders and more than 10 million vehicles each year, Washington State Ferries:

- Implemented WSDOT's project delivery structure to ensure oversight and accountability in vessel construction, and managed construction of 64-car ferries ahead of schedule and approximately \$6.8 million under budget.
- Reduced administration staff for capital and operating budgets by 35 FTEs.
- Established a Ferries Division overtime policy that has resulted in approximately 13 percent reduction in discretionary overtime since FY09.
- Established vessel maintenance and preservation performance statistics to track a variety of performance measures and provide valuable metrics for managers to make informed decisions concerning work orders, preventative maintenance, emergency maintenance and warehouse statistics.
- Established computerized tracking of maintenance work orders and spare-parts inventory, as well as consumable stores.
- Developed a vessel maintenance preservation and improvement plan for a comprehensive examination of the WSF vessel maintenance and preservation efforts.
- Implemented a life-cycle cost model to prioritize capital projects; currently refining the model by the addition of an economic risk segment for all capital assets.
- Reorganized terminal engineering project development staffing to align roles and responsibilities with WSDOT's practice of using a balanced workforce of state and consultant personnel.

## Highway Construction Program Capital Delivery Staffing 2008–2015

Capital Delivery	2008 WMS	2008 classified	2008 total	2011 WMS	2011 classified	2011 total	2015 WMS	2015 classified	2015 total
NCR	16	92	108	11	67	78	8	42	50
SWR	16	228	244	19	197	216	17	133	150
CRC	5	9	14	4	14	18	8	32	40
NWR	89	613	702	71	524	595	46	347	393
520	9	52	61	23	85	108	10	40	50
AWV	9	29	38	28	123	151	18	78	96
ER	20	167	187	13	140	153	11	64	75
OR	52	417	469	49	350	399	30	249	279
SCR	21	205	226	17	175	192	14	116	130
<b>Region totals</b>	<b>237</b>	<b>1812</b>	<b>2049</b>	<b>235</b>	<b>1675</b>	<b>1910</b>	<b>162</b>	<b>1101</b>	<b>1263</b>
Program Management	15	56	71	7	39	46	4	39	43
Development	56	382	438	42	332	374	33	267	300
Construction	28	160	188	22	170	192	20	126	146
Traffic Operations	2	5	7	2	2	4	2	0	2
<b>Headquarters total</b>	<b>101</b>	<b>603</b>	<b>704</b>	<b>73</b>	<b>543</b>	<b>616</b>	<b>59</b>	<b>432</b>	<b>491</b>
<b>Total all</b>	<b>338</b>	<b>2415</b>	<b>2753</b>	<b>308</b>	<b>2218</b>	<b>2526</b>	<b>221</b>	<b>1533</b>	<b>1754</b>

Workforce staffing levels reflect 2011 current law budget. Based on the 2008 staffing levels, this represents a reduction of WMS positions by more than 34 percent and of classified positions by more than 36 percent.

## Next steps

We still have more work to do. A number of specific changes will be addressed in transition and staffing plans to be completed in mid-October by each of these divisions and regions.

As these implementation plans are developed for capital delivery, engineering and technical services, conversations about potential restructuring will continue for other programs and support services within the agency. When vacancies occur, each position will continue to be analyzed to determine if it is necessary to fill and whether the work/function can be combined with another position prior to filling it.

Budget structure issues that result from these organizational changes will be reviewed to address and streamline budget alignment.

Senior leaders will continue assessing overhead and make recommendations for streamlining, consolidating and prioritizing work in administration, planning, IT, communications, accounting and other support services.

As a tool to help us reach a sustainable workforce, we will again implement the Voluntary Separation Program (VSP) in 2012. Similar to the 2011 VSP program, offers to participate in the incentive program will be based on the business needs of the agency.

### Cross-functional teams

Cross-functional teams are being formed to address and develop a strategy for specific topical areas, including:

- Plans, specifications and estimates (PS&E) – A comprehensive PS&E team will be re-established and coordinated by the construction group to review contract plan clarity and constructability.
- Systems data – A systems data pilot group, led by Traffic Operations, will be tasked with assessing where we are today in terms of highway system data; determining how it is collected, processed, maintained, accessed and utilized; identifying gaps and opportunities for efficiencies; and developing recommendations.
- Asset management – A team facilitated by Program Management will define and implement an asset management plan to strengthen the emphasis between investment levels and system performance. Strategy will include elements for asset tracking that is coordinated with planning, data and traffic efforts.
- Training – Staff Development, will lead the effort to provide a statewide systemic assessment of WSDOT training programs, specifically for Construction, Design, Safety, Maintenance, and workforce diversity. The team will return recommendations and action items for effectiveness, efficiencies, needs, priorities, methodologies and tracking/reporting.

## Moving forward

We are in an ongoing process of transforming the state's multi-modal transportation system and the department itself in reliable, responsible and sustainable ways that adapt to the needs and demands of the 21<sup>st</sup> century. This means choices will be made and many changes will be coming, particularly in the department's organizational structure and size.

In doing so, we are fulfilling our commitments to remain a premiere transportation leader in the nation, to be responsive and transparent to legislative direction, and to be smart about how to secure future funding for system maintenance and preservation and strategic expansion.

We are guided by the goal of making transportation system investments that contribute to our state's businesses and economy, with the right mix of private participation, while also maintaining a strong department that retains its core competencies and is accountable as stewards of public funds.